Alliance National Services

March 25, 2011

Ms. Anita Massey
North Carolina Health Information Exchange (NC HIE)
c/o Anita.Massey@NC.gov

RE: RFC # 201101-01

Respondent Name: John R. Odden, EVP & CIO
Respondent Organization: Alliance National Services (ANS)
Respondent Email Address: John.Odden@AllianceNationalServices.com

Dear Ms. Massey:

We are responding to your Request for Comments regarding Core and Value-added HIE Services in fulfillment of your Strategic and Operational Plans. With enactment of the Patient Protection and Affordable Care Act (PPACA), particularly §9007, the law is attempting to curb abusive hospital practices associated with the management of patient-pay by holding tax-exempt hospitals accountable for their special tax status. Section 9007 sets forth new requirements for not-for-profit hospitals to maintain their tax exempt status through a new Internal Revenue Code (IRC) §501(r). The PPACA outlines specific measures that seek to establish transparent and replicable standards for financial assistance, e.g., charity care, which will ensure tax-exempt hospitals act charitably and fulfill their benevolent mission.

After reviewing your public information, we believe ANS' systems for patient pay receivables can facilitate success in the area of value-added HIE Services – transparent and replicable standards for financial assistance, e.g., charity, for both uninsured and underinsured, in compliance with the Department of Health and Human Services' definition for charity care:

> Charity Care. –The value of hospital services provided to a patient that exceeds the patient's financial ability-to-pay medical expenses as to not cause the patient to be deemed medically indigent
>
> Medically Indigent. –Patients whose health insurance coverage, if any, does not provide full coverage for all of their medical expenses and that their medical expenses, in relationship to their income, would make them indigent if they were forced to pay full charges for their medical expenses

Please include our comments in your review and assessment. From our discussions with the US Department of Health and Human Services (HHS), North Carolina Department of Health and Human Services (NC DHHS) and the Internal Revenue Service (IRS), we believe that updating hospital and physician businesses practices and processes for managing patient-pay can achieve compliance with IRC §501(r).

We were working with Center for Medicare & Medicaid Services (CMS) long before PPACA about updating provider business practices and processes for managing patient-pay practices, which are essentially unchanged since 1974, to secure compliance with Schedule H of Form 990. This dialog was very positive. PPACA now brings ANS into the heart of systems for maintaining tax exempt status for non-profit hospitals.

I welcome any opportunity to review the attached information in person. Thank you.

Best regards,
John R. Odden
John R. Odden
1063 Snowden Ct.
Asheboro, NC 27203
949-713-5500 Office
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Response To: Request for Comments
Input on Requirements for North Carolina's Statewide Health Information Exchange Services

1. INTRODUCTION – ***Understood & Fully Compliant***
1.1. Overview – ***Understood & Fully Compliant***
1.2. Dates and Times – ***Understood & Fully Compliant***
1.3. Submission Instructions – ***Understood & Fully Compliant***

2. BACKGROUND – ***Understood & Fully Compliant***

3. GUIDANCE ON PREPARATION OF COMMENTS – ***Understood & Fully Compliant***

3.1. General Comments – ***Understood & Fully Compliant***

ANS advises that the best initial step to develop a statewide HIE Service that can be deployed to maximize all stakeholders' interests should be based on a transparent and replicable determination of each patient's ability to pay as defined by CMS. Any other initial step would involve both services and workflow changes, negatively impacting all participating providers without increasing provider benefits. Using today's information and credit management technologies at admissions, updating the billing and collection practices and processes, all provider types can address the requisite transaction steps in determining eligibility for financial assistance and establish the level that is appropriate. There are three essential questions within HHS' definition for charity care that must be answered: (1) what is the patient's ability-to-pay current and future debt obligations through both income and/or net worth, (2) what portion of the patient's ability-to-pay can he or she pay before being deemed medically indigent and (3) how many installments over what period of time will the patient have to make, i.e., total payment? Further, all patients are eligible for financial assistance, both uninsured and underinsured; co-payments and deductibles are continuing to increase in that employers are attempting to control their benefit costs.

Credit experts believe offering patients discounted billing and interest free deferred payment plans, at the beginning of the encounter, can increase collections 300 to 400% or more. The credit experts attribute the anticipated increase in receipts of patient-pay to not having patients become psychologically disassociated from their billing through eliminating the current unduly burdensome practice of demand payment billing of seemingly insurmountable amounts. How many homes or autos would be sold if we had to pay cash? Today, providers may earn less than 2.5% of their total income from patient-pay, but with discounted billing and interest free payment plans this can potentially increase to 7.5% of more. Further, outsourcing the operational component to vendors which provide the same services to a majority of banks and other lenders can potentially reduce associated expenses an estimated 50-75%.

All stakeholders – taxpayers, patients and providers – can benefit from having all providers contribute their patient-pay experience to independent third party credit management experts that can provide accurate, consistent, compassionate and objective health care decision services. A health care specific decision engine can provide data to facilitate adherence to the Healthcare Financial Management Association's (HFMA) Principles and Practices (P&P) Board Statement No. 15 and Patient Friendly Billing®.

In order to provide context for our response, ANS is pleased to provide the following brief description of our current capabilities supportive of HIE development, engagement and operations, including:

a) Platform currently in use or development
   - ANS' licensed algorithms have been reviewed for "production readiness" with Wells Fargo Bank, RBC Bank, Fidelity National Information Services and Fiserv, etc.

b) Types and number of entities with whom our organization currently exchanges data
   - ANS does not exchange clinical data or financial data; rather, the ANS algorithms and business processes add value to both Fair Credit Reporting Act (FCRA) and non-FCRA patient financial data already used by most provider organizations. ANS methods support compliance with IRC §501(r).

c) Current types of data exchanged
   - The FCRA and non-FCRA data that is processed today between provider organizations and FCRA and non-FCRA financial intermediaries is commonly referred to as Patient Demographic Information. Such information is processed under ANS' algorithms by the above-mentioned "production ready" service providers in strict compliance with FCRA, FTC, DOJ and G-L-B for many millions of consumer transactions, both healthcare and non-healthcare.

From: John Odden CP [mailto:jodden@cotopartners.com]
Sent: Thursday, March 10, 2011 10:40 AM
To: steve.cline@dhhs.nc.gov; Roger Berliner (roger.berliner@alliancenationalservices.com)
Subject: FW: NCHIE Request for Comments on Statewide HIE Requirements

Steve:

Thank you for the valuable discussion and guidance. Our sense is that we can help jump start the shift to ACO operations and help everyone provide demonstrable equity and quality in the financial aspect of serving the Patient.

We will participate in this RFC appropriately.

Thanks,
John

From: Cline, Steve [mailto:steve.cline@dhhs.nc.gov]
Sent: Thursday, March 10, 2011 5:22 AM
To: John Odden CP
Subject: FW: NCHIE Request for Comments on Statewide HIE Requirements

John,

It was good to talk with you yesterday about the interesting work you are doing. Attached is the Request for Comments I mentioned during our conversation. This may be a good way for you to introduce your technology to the NC HIE. Please share with Roger. I do not have his e-mail address.

Thanks, Steve